

# Ten Steps to Starting a Home Business

by Liz Folger, author of *The Stay-at-Home Mom's Guide to Making Money*

So, you've decided what you want to do and you're ready to start your home business? Here are some important steps you need to take first.

## 1. Write a business plan or draft out your goals.

Most businesses fail because they don't have a clearly spelled-out goals. Don't make that mistake! Put together a detailed and accurate business plan. This may be a very formal document or a less formal write-up of how you plan to operate. The more questions you can answer now, the fewer surprises you'll encounter down the road. A well researched plan not only helps you define your goals, but it is also a document you can present to a loan officer or other potential loan source if you seek outside funding.

## 2. Raise your capital.

Once you've found the business of your dreams, you'll need to find a way to finance it. Crazy as it sounds, my advice is to start your business without a loan. The key is to begin small and use the resources you already have. I estimate that the average cost to start a business from home ranges from \$50 to \$2,000. If you do need to borrow money, find out about local resources such as the local Small Business Administration office or any local programs for small businesses.

Another source of financing is family or friends, though I advise against it. If you do opt to accept financing from another party, even if it is from your parents or a friend, spend the time (and money, if necessary) to draw up a contract stating all the particulars of the loan. Finally, if you must use a credit card to finance your business, put a limit on how much you charge, and stick to it!

## 3. Name your business.

Your business name should tell the customer exactly what you do. For example, if your leaf-raking business is called "Leaves of Autumn," a person walking down the street wouldn't necessarily make the connection. But if it's called "We Rake So You Don't," a passerby in need of yard work will give you a call. If you don't want to use a fictitious name, simply use your full legal name in the title of your business. If your name is Liddy Moore, call your umbrella business "Liddy Moore Umbrellas". However, if you name the business "Umbrellas for U", you'll have to register the name with your state business office and county clerk's office, and will also have to place an announcement in the local newspaper.



## 4. Make it legal.

Whenever you start a home business, whether big or small, you'll have to deal with legal issues. Don't think that you're too small for local authorities to bother with. Be sure to:

- Find out about your local zoning laws – call your city hall and ask for the Occupational License Department. Chances are it's legal to open a home business in your town, but it's better to make sure first.
- Check with your city's business license bureau to find out what kind of license you need to do business. Costs vary.
- Get a state sales tax certificate so you can start collecting and paying state sales taxes if you're selling goods. Get a resale tax certificate if you're going to be buying or selling wholesale goods.

## 5. Set your pricing.

Have a price list or contract available for your clients. This way, customers know what they are getting, how much they are going to pay, and when it will be ready.



## 6. Investigate your insurance options.

If customers will be coming into your house, you may need to make some adjustments to your insurance policy. Talk to your insurance agent and have them write up a policy on business insurance for home use. The average cost for this is \$500 annually, but shop around for the best price.

## 7. Set up your office.

You'll need to decide whether or not you need a separate office. If you have an extra room, that's pretty easy. If you don't have a special room for your office, buy a locking filing cabinet for your important papers. You can also buy undersized desks, files and storage units with wheels, so you can roll them out of sight when not in use.

When shopping for business equipment, ask yourself, "Do I really need this?" Ask that at least five times, take a deep breath, and go home and think about it for a week. By then you will realize that you didn't need all 25 colored pens -- three will suffice.

## 8. Get stationery and business cards.

Business cards and your personal letterhead are essential. If you have a computer, some sort of publishing software and a decent printer, you can easily make your own. Most office supply stores carry good quality paper and card stock. If you're not comfortable designing or producing your own letterhead and business cards, have it done professionally. This is one area you don't want to skimp on.

## 9. Get a second phone line.

You may want to consider installing a second phone line for your business. The advantages include the ability to track business call expenses and the ability to list the number in the Yellow Pages. If a second line is too expensive for you at first, there is another solution. Your phone company can give you a business number that rings on your regular family phone with a double ring that lets you know it's a business call.

## 10. Don't forget the details.

Get yourself an organizer -- and use it! Consider getting a post office box for your business address if you don't want clients coming to your house. Get down to work -- you've got a lot to do!

### On The Web

<http://homeworkingmom.com>

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